

Foreign Trade of China

The foreign trade of China is estimated to have reached \$3.2 billion in 1956, a 2 percent increase over 1955 and about a 170 percent increase over 1950 trade. A slight decline in trade, however, has been reported for 1957.

Trade with the Free World in 1956 rose by more than one-third and accounted for one-third of China's total trade, compared to one-fourth in 1954 and 1955. A further shift in the direction of trade toward the Free World probably took place in 1957.

The decline in trade with the Bloc in 1956, which nearly offset the rise in Free World trade, was almost entirely the result of a 15 percent decline in USSR trade. Sino-Soviet trade fell for the first time, reflecting a sharp reduction of receipts under Soviet loans.

The balance-of-payments position of China appears to have deteriorated in 1956 and 1957, reflecting for the most part the large drop in receipts under Soviet loans, the increasing commitments for the repayment of previous Soviet loans, and the further extension of China's own aid program. Despite the development of a reported export surplus in 1956 and 1957, it appears that China has been hard-pressed to meet its foreign exchange commitments.

China's exports have been primarily agricultural products and minerals. Increasing emphasis will be placed on the export of minerals under the second five year plan, but agricultural products should continue to account for well over a half of total exports. China has

imported machinery, petroleum, fertilizers, iron and steel, and other industrial materials. As industrialization proceeds under the second five year plan, China hopes to reduce its dependence upon foreign sources for many of these products.

Table 1 *

Foreign Trade of China ^{a/}
1954-1956

	<u>millions of US dollars</u>		
	<u>1954</u>	<u>1955</u>	<u>1956</u>
<u>Imports</u>			
Free World	325	385	500
Bloc	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>
USSR	760	1080 ^{b/}	735
European Satellites	275	265	275
Far Eastern Satellites	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>
<u>Exports</u>			
Free World	300	420	590
Bloc	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>
USSR	580	645	765
European Satellites	225	260	245
Far Eastern Satellites	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>
<u>Turnover</u> ^{c/}			
Total Trade	2660	3180	3230
Free World	625	805	1090
Bloc	<u>1935</u>	<u>2375</u>	<u>2140</u>
USSR	1340	1720 ^{b/}	1495
European Satellites	500	530	525
Far Eastern Satellites	<u>95</u>	<u>125</u>	<u>120</u>

Footnotes to table 1

- a. During the past year it has become evident that the yuan value, as reported by China, of China's foreign trade cannot be converted into dollars at a single exchange rate and that China uses some form of a multiple exchange rate system for compiling trade statistics. For Sino-Free World trade, the official rate (2.46 yuan per dollar) is applicable. For Sino-Bloc trade, the dollar equivalent of the ruble value of trade reported by China's trading partners has been used when available. However, the Far Eastern Satellites have not reported the value of their trade with China. Since the yuan appears to be valued at about par with the ruble in Sino-Soviet trade, the yuan value of trade with the Far Eastern Satellites has been converted into rubles at this ratio and then into dollars at the official ruble-dollar exchange rate.
- b. An estimated \$330 million representing the transfer of joint-stock company assets and military equipment and possibly bases within China from Soviet to Chinese ownership has been added to the USSR's reported value of Sino-Soviet trade (\$1,392 million), since China appears to have included, and the USSR excluded, these items.
- c. All figures have been rounded to the nearest \$5 million. Therefore, columns may not add up to totals because of rounding.

Table 2

China's Foreign Trade with Underdeveloped Areas
1954-1957

	millions of US dollars			
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>
Europe	.2	.2	8.9	12.5
Middle East and Africa	24.6	46.5	62.1	89.9
South and Southeast Asia	180.1	182.8	258.0	241.9
Latin America	<u>13.0</u>	<u>7.6</u>	<u>5.7</u>	<u>5.3</u>
Total ^{a/}	217.9	237.2	334.8	349.5

^{a/} Columns may not add up to totals because of rounding.